



City Council Budget Oversight Committee

- August 9, 2005 -

Redevelopment Agency
Repayment of Debt

The Agency Needs City Debt

1. A project area must have debt to collect tax increment.
2. A project area can transfer money to the General Fund if it has debt to the City.
3. A project area can collect tax increment after redevelopment ends and pay it to the City if it has City debt.

Summary of Agency Debt to the City

General Fund

Downtown \$80,562,759

Central \$13,607,877

Poly High \$3,140,260

The Process for Repayment of Agency Debt

- Existing debt allows the City to collect tax increment beyond the life of the project area.
- Redevelopment Agency can make debt payments through its annual budget process.

Barriers to Repayment

- No legal barrier to repayment.
- Agency debt is automatically repaid to the City when the project area terminates.
- Practical barriers:
 - Availability of funds for repayment.
 - Cancellation of redevelopment projects and programs.
 - Loss of future tax increment revenues.

Potential Repayment Options

- Reduce number of projects undertaken and use tax increment for debt repayment on an annual basis (applies to Downtown, Central Long Beach & Poly High Project Areas).
- Reallocate Port Tax Increment (applies to North Long Beach and Westside Project Areas).
- Issue Bonds to Repay City Debt (applies to Central Long Beach Project Area).

Allocation of Port Tax Increment

- Transfer of North Port Tax Increment to the City.
- Mechanism:
 - ✓ North uses Port Tax Increment to pay Central Long Beach housing set-aside.
 - ✓ Central Long Beach uses savings to pay City debt.
 - ✓ Potential payment \$1.3 million per year.
- Staff works to create new City debt for the Central Long Beach Project Area in future years.

City Debt Restrictions

	CDBG	Unrestricted	Total
Downtown	\$48,810,479	\$31,752,280	\$80,562,759
Central	0	\$13,607,877	\$13,607,877
Poly High	\$3,140,260	0	\$3,140,260

Reasons to Defer Agency Payments

- Allows redevelopment projects and programs to continue.
- Ensures receipt of maximum property tax payments in future years.

Downtown Tax Increment

Net Income	\$11,276,000
Debt Payments	(7,348,652)
Operating Costs	(929,766)
Amount Budgeted for Projects and Programs	\$2,997,582

Central Tax Increment

Net Income	\$4,970,000
Debt Payments	(3,754,432)
Operating Costs	(744,073)
Amount Budgeted for Projects and Programs	\$471,495

Poly High Tax Increment

Net Income	\$400,000
Debt Payments	(230,954)
Operating Costs	(89,574)
Amount Budgeted for Projects and Programs	\$79,472